

IRON RIVER TOWNSHIP

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Financial Report  
With Supplemental Information  
Prepared in Accordance with GASB 34

MARCH 31, 2005

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>IRON RIVER TOWNSHIP</b>	County <b>IRON</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>6/6/05</b>	Date Accountant Report Submitted to State: <b>9/27/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

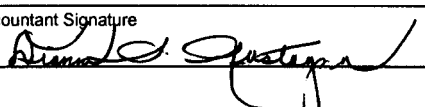
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>DS ROSTAGNO, CPA, P.C.</b>			
Street Address <b>101 WEST MAPLE STREET</b>	City <b>IRON RIVER</b>	State <b>MI</b>	ZIP <b>49935</b>
Accountant Signature 		Date <b>9/27/05</b>	

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**INDEPENDENT AUDITOR'S REPORT**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

Board of Trustees  
**Iron River Township**  
102 McNutt Road  
Iron River, Michigan 49935

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of **Iron River Township**, as of and for the fiscal year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township** at March 31, 2005, and the respective changes in financial position and cash flows thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 06, 2005 on our consideration of **Iron River Township's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 8 through 20 and the budgetary comparison information are not required parts of the basic financial statements but are supplemental information required by the *Governmental Accounting Standards Board* and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Iron River Township's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 06, 2005

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

PHONE: 906 / 265-3403

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The management of **Iron River Township** provides this narrative overview and analysis of the financial activities of **Iron River Township** for the fiscal year ended March 31, 2005. As readers, you are encouraged to read this discussion and analysis in conjunction with the Township's financial statement information included in this report.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are mainly supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, legislative, public safety, public works, cemetery, Township property, culture and recreation. The business-type activities of the Township are the Water and Sewer utility services.



# IRON RIVER TOWNSHIP

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## *Fund Financial Statements*

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## *Governmental Funds*

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains five governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered to be a major fund. The Liquor Law Enforcement Fund, the Cemetery Operation, Capital Projects, and the Cemetery Perpetual Care Fund (classified as a permanent fund) are non-major governmental funds. Individual fund data for each fund is presented separately in the "Other Supplementary Information" section of this report.

The Township adopts an annual budget for its general and other special revenue funds. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general (the only major governmental fund) and is included in the "Required Supplementary Information" section of this document.



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## *Proprietary Funds*

Proprietary Funds provide services for which the Township charges customers a fee. The Township has only one type of proprietary fund - an enterprise fund. The enterprise fund of the Township is used to report the same functions as the business-type activities in the government-wide financial statements. The Water and the Sewer Utility funds are presented separately in both the government-wide financial statements and the fund financial statements and both are considered major funds. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

## *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

## *Notes to the Financial Statements*

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

## *Supplementary Information*

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the General Fund (the only major governmental fund) as presented in the governmental fund financial statements.

A separate financial statement for the Township's non-major governmental funds is also included in the Other Supplementary Information section of this document.



# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis*

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Township, assets exceeded liabilities by \$ 3,504,152 at March 31.

By far, the largest portion of the Township's net assets is its investment in capital assets (land, buildings, machinery, and equipment), less any outstanding debt related to acquiring the asset. These capital assets are used to provide services to citizens and are not available for future spending. The Township had no outstanding debt at March 31, 2005; hence, the Township reported \$ 2,094,550 in net assets invested in capital assets.

External restrictions of the Township's net assets represent resources subject to existing external obligations or programmatic control on future use. The remaining balance of unrestricted net assets of \$ 1,058,923 may be used to meet the government's ongoing obligations to citizens and creditors.

Total net assets in excess of liabilities at March 31 for the governmental activities and business-type activities were \$ 1,115,784 and \$ 2,388,368, respectively.

Following is a comparative summary of net assets at fiscal years ended March 31, 2005 and March 31, 2004:

	March 31, 2005		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current and other assets	\$ 1078620	\$ 331813	\$ 1410433
Capital assets, net	<u>37995</u>	<u>2056555</u>	<u>2094550</u>
<b>Total Assets</b>	<b>\$ 1116615</b>	<b>\$ 2388368</b>	<b>\$ 3504983</b>



# IRON RIVER TOWNSHIP

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## Government-wide Financial Analysis (Continued)

March 31, 2005			
Primary Government			
	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Long-term liabilities	\$ 0	\$ 0	\$ 0
Other liabilities	831	0	831
<b>Total Liabilities</b>	<b>831</b>	<b>0</b>	<b>831</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	37995	2056555	2094550
Reserved	215311		215311
Designated		135368	135368
Unreserved, undesignated	862478	196445	1058923
<b>Total Net Assets</b>	<b>\$ 1115784</b>	<b>\$ 2388368</b>	<b>\$ 3504152</b>

March 31, 2004			
Primary Government			
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current and other assets	\$ 908957	\$ 387418	\$ 1296375
Capital assets, net	31540	2128414	2159954
<b>Total Assets</b>	<b>\$ 940497</b>	<b>\$ 2515832</b>	<b>\$ 3456329</b>
<b>Liabilities</b>			
Long-term liabilities	0		0
Other liabilities	1468	0	1468
<b>Total Liabilities</b>	<b>\$ 1468</b>	<b>\$ 0</b>	<b>\$ 1468</b>



# IRON RIVER TOWNSHIP

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## Government-wide Financial Analysis (Continued)

	March 31, 2004		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	\$ 31540	\$ 2128414	\$ 2159954
Reserved	176034	190211	366245
Unreserved	<u>731455</u>	<u>197207</u>	<u>928662</u>
<b>Total Net Assets</b>	<b>\$ 939029</b>	<b>\$ 2515832</b>	<b>\$ 3454861</b>

For governmental activities, net assets increased by \$ 33,796 during the 2004-2005 fiscal year (before the effect of change in the application of accounting principles). For business-type activities, net assets increased by \$ 588 during the fiscal year, also before the aforementioned change.

The following represents the comparative changes in net assets for both governmental and business-type activities for the fiscal years ended March 31, 2005 and March 31, 2004:

	March 31, 2005		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
<b><i>Program Revenues</i></b>			
Charges for services	\$ 39444	\$ 249786	\$ 289230
Operating grants/contributions	27985		27985
<b><i>General Revenues</i></b>			
Property taxes	106950		106950
Other taxes	14836		14836
Unrestricted grants	90105		90105
Other	<u>19887</u>	<u>11789</u>	<u>31676</u>
<b>Total Revenues</b>	<b>\$ 299207</b>	<b>\$ 261575</b>	<b>\$ 560782</b>



# IRON RIVER TOWNSHIP

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## Government-wide Financial Analysis (Continued)

March 31, 2005			
Primary Government			
	Governmental	Business-type	Total
	Activities	Activities	
<b><u>EXPENSES</u></b>			
General government	\$ 84556	\$	\$ 84556
Legislative	26830		26830
Township property	31063		31063
Public safety	19774		19774
Public works	73496		73496
Cemetery	24441		24441
Culture and recreation	1490		1490
Depreciation	3761		3761
<b>Total governmental expenses</b>	<b>265411</b>	<b>-0-</b>	<b>265411</b>
<b><u>Business-type activities:</u></b>			
Water		121014	121014
Sewer		139973	139973
<b>Total business-type expenses</b>	<b>-0-</b>	<b>260987</b>	<b>260987</b>
<b>TOTAL EXPENSES</b>	<b>\$ 265411</b>	<b>\$ 260987</b>	<b>\$ 526398</b>
Increase (Decrease) in net assets before transfers	33796	588	34384
Transfers - net	0	0	0
Increase (Decrease) in Net Assets	33796	588	34384
Net Assets, beginning of year	939029	2515832	3454861
Cumulative effect of a change in the application of accounting principles	142959	(128052)	14907
<b>Net Assets, end of year</b>	<b>\$ <u>1115784</u></b>	<b>\$ <u>2388368</u></b>	<b>\$ <u>3504152</u></b>



# IRON RIVER TOWNSHIP

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## Government-wide Financial Analysis (Continued)

March 31, 2004			
Primary Government			
	Governmental	Business-type	Total
	Activities	Activities	
<b>REVENUES</b>			
<b>Program Revenues</b>			
Charges for services	\$ 43676	\$ 248920	\$ 292596
Operating grants/contributions	523		523
<b>General Revenues</b>			
Property taxes	102320		102320
Other taxes	45841		45841
Unrestricted grants	95733		95733
Other	26618	10424	37042
<b>Total Revenues</b>	<b>\$ 314711</b>	<b>\$ 259344</b>	<b>\$ 574055</b>
<b>EXPENSES</b>			
General government	\$ 86642	\$	\$ 86642
Legislative	30345		30345
Township property	32081		32081
Public safety	19640		19640
Public works	65850		65850
Cemetery	28538		28538
Culture and recreation	1540		1540
Depreciation	3584		3584
<b>Total governmental expenses</b>	<b>268220</b>	<b>-0-</b>	<b>268220</b>
<b>Business-type activities:</b>			
Water		167532	167532
Sewer		137277	137277
<b>Total business-type expenses</b>	<b>-0-</b>	<b>304809</b>	<b>304809</b>
<b>TOTAL EXPENSES</b>	<b>\$ 268220</b>	<b>\$ 304809</b>	<b>\$ 573029</b>





# IRON RIVER TOWNSHIP

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## *Government-wide Financial Analysis (Continued)*

	March 31, 2004		
	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Increase (Decrease) in net assets before transfers	\$ 46491	\$ (45465)	\$ 1026
Transfers - net	<u>0</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	46491	(45465)	1026
Net Assets, beginning of year	<u>892538</u>	<u>2561297</u>	<u>3453835</u>
Net Assets, end of year	\$ <u>939029</u>	\$ <u>2515832</u>	\$ <u>3454861</u>

### *Governmental Activities*

Property taxes and other tax revenues comprise \$ 121,786 or approximately 39 percent of total governmental revenues.

The Township also collected \$ 39,444 for services provided. And, at fiscal year-end, the Township reported \$ 90,105 in grants and contributions not restricted for specific programs. This amount was due entirely to the State of Michigan's state sales tax distribution and comprises approximately 29 percent of total governmental revenues.

The Township expended \$ 265,411 on governmental programs and services. Some of the largest expense categories were for general government, where \$ 84,556, or 32 percent of total governmental expenditures were reported. Public works expenditures were \$ 73,496, or 28 percent of total governmental expenditures. A total of \$ 31,063 was expended on the maintenance of Township property.



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## *Business-type Activities*

Business-type activities increased the Township's net assets by \$ 588. Charges for services for the Water and Sewer activities for the year ended were \$ 128,188 and \$ 121,598, respectively. Total expenses for the Water and Sewer activities for the year ended were \$ 121,014 and \$ 139,973, respectively.

## *Financial Analysis of the Governmental Funds*

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## **Governmental Funds**

The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Township's governmental funds reported combined ending fund balances of \$ 1,077,789, of which \$ 215,311 is reserved and the remaining \$ 862,478 is available for spending at the government's discretion.

The Township primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

On the budgetary basis of accounting, the Township ended the fiscal year with revenues greater than the original or final projection. Total expenditures were considerably less than the original or final projection. At fiscal year-end, the fund balance was higher than either the original or the final amended budget projections.

## **Revenues – Budget vs Actual for Fiscal Year Ended March 31, 2005**

	<b>Revenues Original Budget</b>	<b>Revenues Final Budget</b>	<b>Revenues Final Actual</b>	<b>Revenues Variance Actual vs Original Budget</b>	<b>Revenues Variance Actual vs Final Budget</b>
<b>General Fund</b>	\$ 248800	\$ 248800	\$ 264560	\$ 15760	\$ 15760



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IRON RIVER, MICHIGAN 49935

PHONE: 906 / 265-3403

FAX: 906 / 265-3413

## Governmental Funds (Continued)

### Expenditures - Budget vs Actual for Fiscal Year Ended March 31, 2005

	<u>Expenditures</u> <u>Original</u> <u>Budget</u>	<u>Expenditures</u> <u>Final</u> <u>Budget</u>	<u>Expenditures</u> <u>Final</u> <u>Actual</u>	<u>Expenditures</u> <u>Variance</u> <u>Actual vs</u> <u>Original</u> <u>Budget</u>	<u>Expenditures</u> <u>Variance</u> <u>Actual vs</u> <u>Final</u> <u>Budget</u>
General Fund	\$ 334595	\$ 334595	\$ 246811	\$ 87784	\$ 87784

General fund financial and budgetary highlights of the fiscal year include:

- \* Property taxes, administration fees, and other taxes exceeded budgetary projections by \$ 5,486.
- \* Intergovernmental funding was up from the final amended budget, coming in at \$ 117,567, which exceeds by \$ 7,567 the budgeted estimates of \$ 110,000.
- \* Expenditures in total for the general fund were \$ 246,811, less than the final amended budget of \$ 334,595 by \$ 87,784. This was largely due to the fact that expenditures for Township property and public works were considerably less than the amounts appropriated for these purposes.

## Proprietary Funds

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at year-end were \$ 145,376; \$ 134,566 of Township equity in the Water Fund was invested in capital assets, and \$ 135,368 was designated for water system improvements. Total net assets in the Water Fund on March 31 was \$ 415,310. The change in nets assets was a gain of \$ 12,099.



# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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FAX: 906 / 265-3413

## Proprietary Funds (Continued)

Unrestricted net assets of the Sewer Fund at year-end was \$ 51,069. An additional \$ 1,921,989 was invested in capital assets, bringing the total net assets of the Sewer Fund to \$ 1,973,058. The change in net assets was a loss of \$ 11,511.

## Capital Assets and Debt Administration

### *Capital Assets*

The Township's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of March 31 was \$ 2,056,555. The investment in capital assets includes land, buildings, improvements, infrastructure, machinery and equipment, and licensed vehicles.

Infrastructure assets represent \$ 2,855,738 or approximately 83 percent of the estimated original cost of total assets. All infrastructure is accounted for in the Water, Sewer, and Cemetery Funds. There is no infrastructure attributed to the General Fund.

Major capital events during the current fiscal year included:

- \* Installation of new garage doors at a cost of \$ 3,866.
- \* Acquisition of two new computer systems at a market value of \$ 6,350.

### *Long-term debt*

As of March 31, the Township (including the enterprise funds) had no bonded debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. Since the Township has no general obligation debt, this is not currently a concern to the Township.



# IRON RIVER TOWNSHIP

IRON RIVER, MICHIGAN 49935

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## Other Economic Factors and Next Year's Budget

### *Economic Factors*

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state budget cuts will likely translate into strategic reductions of Township expenses to maintain a fiscally sound budget.

Despite the poor outlook of the State's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families, and maintain a safe and clean community in which to live.

The Township's fiscal year 2005-2006 general fund budget is \$ 251,380 representing a slight increase from the 2004-2005 fiscal year. There is no significant change to appropriated amounts from the 2004-2005 actual expenditures.

Significant plans and major priorities for the Township for the 2005-2006 fiscal year include the following:

#### Waterline improvement project

This is a major project, to be implemented in three phases. The first phase consists of an electrical upgrade of all three wells in the Township at an approximate cost of \$ 75,000. Phase 2 involves repairs to the Beechwood water tank foundation and the installation of a back-up well, and Phase 3 consists of connection of the Ryden water system to the Nash water system with new 8 inch lines. This will run from the Township Hall to US-2.

The Township will be seeking financing from the DEQ, with total project completion projected for 2007.

## Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor  
Iron River Township  
102 McNutt Road  
Iron River, Michigan 49935



**BASIC FINANCIAL STATEMENTS**

**IRON RIVER TOWNSHIP**

**STATEMENT OF NET ASSETS**

MARCH 31, 2005

<b>ASSETS</b>	<b>Primary Government</b>		<b>Total Reporting Entity</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b><u>Current Assets</u></b>			
Cash and Investments (Note C )	\$ 863,499	\$ 277,228	\$ 1,140,727
Receivables			
Taxes	10,158		10,158
Accounts Receivable		23,176	23,176
Due from External Parties	101,004		101,004
Internal Balances	103,959	(103,959)	-
<b>Total Current Assets</b>	<u>1,078,620</u>	<u>196,445</u>	<u>1,275,065</u>
<b><u>Noncurrent Assets</u></b>			
Designated Cash and Investments	-	135,368	135,368
Capital Assets, Net (Note H )	37,995	2,056,555	2,094,550
<b>Total Noncurrent Assets</b>	<u>37,995</u>	<u>2,191,923</u>	<u>2,229,918</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,116,615</b>	<b>\$ 2,388,368</b>	<b>\$ 3,504,983</b>
<b>LIABILITIES</b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	-	-	-
Accrued Salaries and Benefits	426		426
Deferred Revenue	405		405
<b>Total Current Liabilities</b>	<u>831</u>	<u>-</u>	<u>831</u>
<b><u>Noncurrent Liabilities</u></b>			
Bonds/Notes Payable (Note I )	-	-	-
Compensated Absences Payable	-	-	-
Long-term Employee Benefits Payable	-	-	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>831</b>	<b>-</b>	<b>831</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	37,995	2,056,555	2,094,550
Reserved for Cemetery Operations	55,442		55,442
Reserved for Cemetery Perpetual Care	87,781		87,781
Reserved for Capital Projects	71,009		71,009
Reserved for Liquor Law Enforcement	1,079		1,079
Designated for Water System Improvements		135,368	135,368
Unreserved and Undesignated	862,478	196,445	1,058,923
<b>TOTAL NET ASSETS</b>	<b><u>\$ 1,115,784</u></b>	<b><u>\$ 2,388,368</u></b>	<b><u>\$ 3,504,152</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>Capital Grants</u>
Primary Government -				
General government	\$ 84,556	\$ 7,174	\$ -	\$ -
Legislative	26,830			
Township property	31,063	820		
Public safety	19,774	250	523	
Public works	73,496		27,462	
Cemetery	24,441	31,200		
Sanitation and health	-			
Culture and recreation	1,490			
Depreciation (Unallocated)	3,761			
<b>Total Governmental Activities</b>	<b>\$ 265,411</b>	<b>\$ 39,444</b>	<b>\$ 27,985</b>	<b>\$ -</b>
<u>Business-type Activities</u>				
Water Utility	121,014	128,188		
Sewer Utility	139,973	121,598		
<b>Total Business-type Activities</b>	<b>\$ 260,987</b>	<b>\$ 249,786</b>		

**General Revenues:**

Taxes:

    Property taxes levied for general operations

    Other taxes and fees

State Sales Tax Distribution

Sale of Property

Interest and Investment Earnings

Other

**Total General Revenues**

**Change in Net Assets**

**Net Assets - Beginning of year**

Cumulative Effect of a Change in the Application  
of Accounting Principles

**Net Assets - End of year**



IRON RIVER TOWNSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2005

**Net (Expense) Revenue and Changes  
in Net Assets**

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (77,382)	\$ -	\$ (77,382)
(26,830)		(26,830)
(30,243)		(30,243)
(19,001)		(19,001)
(46,034)		(46,034)
6,759		6,759
-		-
(1,490)		(1,490)
(3,761)		(3,761)
<u>\$ (197,982)</u>	<u>\$ -</u>	<u>\$ (197,982)</u>
	7,174	7,174
	<u>(18,375)</u>	<u>(18,375)</u>
	\$ (11,201)	\$ (11,201)
106,950		106,950
14,836		14,836
90,105		90,105
-		-
12,856	5,950	18,806
7,031	5,839	12,870
<u>231,778</u>	<u>11,789</u>	<u>243,567</u>
33,796	588	34,384
939,029	2,515,832	3,454,861
142,959	(128,052)	14,907
<u>\$ 1,115,784</u>	<u>\$ 2,388,368</u>	<u>\$ 3,504,152</u>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

MARCH 31, 2005

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note C )			
Unrestricted	\$ 648,188	\$ 215,311	\$ 863,499
Restricted	-		-
Receivables:			
Taxes	10,158		10,158
Accounts Receivable	-		-
Due from Other Funds	204,963	1,500	206,463
<b>TOTAL ASSETS</b>	<b><u>\$ 863,309</u></b>	<b><u>\$ 216,811</u></b>	<b><u>\$ 1,080,120</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Deposits	405		405
Accrued Taxes and Benefits	426		426
Accounts Payable	-		-
Due to Other Funds	-	1,500	1,500
<b>TOTAL LIABILITIES</b>	<b>831</b>	<b>1,500</b>	<b>2,331</b>
<b><u>FUND BALANCES</u></b>			
Reserved for Cemetery Operations		55,442	55,442
Reserved for Cemetery Perpetual Care		87,781	87,781
Reserved for Capital Projects		71,009	71,009
Reserved for Liquor Law Enforcement		1,079	1,079
Unreserved and Undesignated	862,478		862,478
<b>TOTAL FUND BALANCES</b>	<b>862,478</b>	<b>215,311</b>	<b>1,077,789</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 863,309</u></b>	<b><u>\$ 216,811</u></b>	<b><u>\$ 1,080,120</u></b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP
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## GOVERNMENTAL FUNDS

## RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

MARCH 31, 2005

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 1,077,789</b>
---	---------------------

Amounts reported for governmental activities in the statement  
of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and are not  
reported in the funds.

The cost of capital assets is:

325,446

Accumulated depreciation is:

(287,451)

Long term liabilities are not due and payable  
in the current period and are not reported  
in the funds:

Bonds Payable

-

Compensated Absences

-

Other long term assets not available to pay  
current period expenditures therefore  
deferred in the funds

-

Accrued interest is not included as a liability  
in governmental funds

-

<b>Total Net Assets - Governmental Activities</b>	<b><u><u>\$ 1,115,784</u></u></b>
---	-----------------------------------

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**

YEAR ENDED MARCH 31, 2005

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenue</u></b>			
General Property taxes	\$ 106,950	\$ -	\$ 106,950
Other local taxes	6,723		6,723
Penalties, interest, and fees- taxes	8,113		8,113
Licenses, permits, and fines	1,750		1,750
Sale of property	-	8,300	8,300
Use of money and property	11,002	8,585	19,587
Charges for services	5,424	23,150	28,574
Miscellaneous	7,031		7,031
Intergovernmental	117,567	523	118,090
<b>Total Revenue</b>	<b>\$ 264,560</b>	<b>\$ 40,558</b>	<b>\$ 305,118</b>
<b><u>Expenditures</u></b>			
Current Operating:			
General government	84,556	-	84,556
Legislative	26,830		26,830
Township property	31,063		31,063
Public safety	19,160	614	19,774
Public works	73,496		73,496
Cemetery		24,441	24,441
Sanitation and health			-
Culture and recreation			-
Community development	1,490		1,490
Capital Outlay	10,216		10,216
Intergovernmental Payments			-
<b>Total Expenditures</b>	<b>246,811</b>	<b>25,055</b>	<b>271,866</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>17,749</b>	<b>15,503</b>	<b>33,252</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Loss on investments		(5,911)	(5,911)
<b>Total Other Financing Sources(Uses)</b>	<b>-</b>	<b>(5,911)</b>	<b>(5,911)</b>
<b>Net Change in Fund Balances</b>	<b>17,749</b>	<b>9,592</b>	<b>27,341</b>
<b>Fund Balances - Beginning of Year</b>	<b>844,729</b>	<b>205,719</b>	<b>1,050,448</b>
<b>Fund Balances - End of Year</b>	<b>\$ 862,478</b>	<b>\$ 215,311</b>	<b>\$ 1,077,789</b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

GOVERNMENTAL FUNDS  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2005

**Net Change in Fund Balances - Total Governmental Funds** **\$ 27,341**

Amounts reported for governmental activities in the statement  
of activities are different because:

Governmental funds report capital outlays as expenditures; in  
the statement of activities, these costs are allocated over their  
estimated useful lives as depreciation.

Depreciation Expense

(3,761)

Capital Outlay

10,216

Total

6,455

Revenue reported in the statement of activities that does not provide  
current financial resources and are not reported as revenue  
in the governmental funds

-

Accrued interest is recorded in the statement of activities when  
incurred; it is not reported in governmental funds until paid

-

Repayment of bond principal is an expenditure in the governmental  
funds, but not in the statement of activities (where it reduces  
long term debt)

-

Increases Decreases in compensated absences are reported as  
expenditures when financial resources are used in the governmental  
funds in accordance with GASB Interpretation No. 6

-

**Change in Net Assets of Governmental Activities**

**\$ 33,796**

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF FUND NET ASSETS  
ENTERPRISE FUNDS**

MARCH 31, 2005

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash, unrestricted	\$ 124,343	\$ 152,885	\$ 277,228
Receivables, net			-
Accounts	21,033	2,143	23,176
Internal Balances		(103,959)	(103,959)
<b>Total Current Assets</b>	145,376	51,069	196,445
<b>Noncurrent Assets:</b>			
Designated cash and investments	135,368	-	135,368
Capital Assets:			
Buildings	10,000	-	10,000
Equipment	214,387	51,767	266,154
Infrastructure	22,500	2,830,907	2,853,407
Less:			
Allowance for depreciation	(112,321)	(960,685)	(1,073,006)
Total Capital Assets, Net	134,566	1,921,989	2,056,555
<b>Total Noncurrent Assets</b>	269,934	1,921,989	2,191,923
<b>TOTAL ASSETS</b>	<b>\$ 415,310</b>	<b>\$ 1,973,058</b>	<b>\$ 2,388,368</b>
<b><u>LIABILITIES</u></b>			
<b>Current Liabilities:</b>			
Deferred Revenue	-	-	-
<b>Total Current Liabilities</b>	-	-	-
<b>TOTAL LIABILITIES</b>	-	-	-
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	134,566	1,921,989	2,056,555
Unreserved, Designated	135,368	-	135,368
Unreserved, Undesignated	145,376	51,069	196,445
<b>TOTAL NET ASSETS</b>	<b>\$ 415,310</b>	<b>\$ 1,973,058</b>	<b>\$ 2,388,368</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUNDS**

YEAR ENDED MARCH 31, 2005

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b><u>OPERATING REVENUE</u></b>			
Charges for Services	\$ 128,188	\$ 121,598	\$ 249,786
Miscellaneous Revenue	-	5,839	5,839
<b>TOTAL OPERATING REVENUE</b>	<b>128,188</b>	<b>127,437</b>	<b>255,625</b>
<b><u>OPERATING EXPENSES</u></b>			
Personal Services and Benefits	47,307	8,382	55,689
Contractual Services	14,320	64,268	78,588
Repairs and Maintenance	10,506	1,012	11,518
Other Supplies and Expenses	29,413	5,811	35,224
Administrative Expenses	1,273	598	1,871
Depreciation	18,067	59,902	77,969
Miscellaneous	128	-	128
<b>TOTAL OPERATING EXPENSES</b>	<b>121,014</b>	<b>139,973</b>	<b>260,987</b>
Operating Profit (Loss)	7,174	(12,536)	(5,362)
<b><u>NON-OPERATING INCOME</u></b>			
Interest Income	9,769	1,025	10,794
<b><u>NON-OPERATING EXPENSES</u></b>			
Loss on Investments	(4,844)	-	(4,844)
Net Income (Loss)	12,099	(11,511)	588
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>403,211</b>	<b>2,112,621</b>	<b>2,515,832</b>
Cumulative Effect of a Change in the Application of Accounting Principles	-	(128,052)	(128,052)
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 415,310</b>	<b>\$ 1,973,058</b>	<b>\$ 2,388,368</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM (USED BY)</b>			
<b><u>OPERATING ACTIVITIES</u></b>			
Net cash received from fees and services	\$ 122,571	\$ 122,267	\$244,838
Other operating revenues	-	5,839	5,839
Cash payments to employees for services	(43,937)	(8,382)	(52,319)
Cash payments to goods and services	(59,010)	(71,689)	(130,699)
Other operating expenses	-	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>19,624</b>	<b>48,035</b>	<b>67,659</b>
<b><u>NON CAPITAL AND FINANCING ACTIVITIES</u></b>			
Increase (decrease) in due to other funds	-	(24,094)	(24,094)
(Increase) decrease in due from other funds	-	-	-
Net operating transfers in (out)	-	-	-
<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (24,094)</b>	<b>\$ (24,094)</b>
<b><u>CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and construction of capital assets	-	(6,110)	(6,110)
Principal payment on long-term bonds	-	-	-
Interest paid on long-term bonds	-	-	-
Interest and tax expense	-	-	-
Proceeds from borrowings	-	-	-
Contributed capital grants	-	-	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (6,110)</b>	<b>\$ (6,110)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Interest Income	9,769	1,025	10,794
Loss on Investments	(4,844)	-	(4,844)
Decrease in Investments	54,843	-	54,843
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>59,768</b>	<b>1,025</b>	<b>60,793</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79,392</b>	<b>18,856</b>	<b>98,248</b>
Cash and Cash Equivalents, Beginning of Year	44,951	134,029	178,980
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 124,343</b>	<b>\$ 152,885</b>	<b>\$277,228</b>

The notes to the financial statements are an integral part of this report.



IRON RIVER TOWNSHIP

FIDUCIARY FUND  
STATEMENT OF FIDUCIARY NET ASSETS

MARCH 31, 2005

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 109,537</u>
<b>TOTAL ASSETS</b>	<b>\$ 109,537</b>
 <b>LIABILITIES</b>	
Due to Other Funds	101,004
Due to Other Governmental Units	<u>8,533</u>
<b>TOTAL LIABILITIES</b>	<b>109,537</b>
 <b>NET ASSETS</b>	
Unrestricted	<u>-</u>
<b>TOTAL NET ASSETS</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this report.

**NOTES TO THE FINANCIAL STATEMENTS**

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2005**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by **Iron River Township**, Iron River, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**THE FINANCIAL REPORTING ENTITY**

The Township was organized in 1882 and operates under an elected Board of Trustees (5 people) and provides services to its residents including liquor law enforcement, general administration, and cemetery, water, and sewer services. On July 01, 2000, the City of Iron River was reformed and the Village of Mineral Hills, which had been part of the Township, was annexed by the new City of Iron River. In accordance with the provisions of GASB 14, certain other governmental organizations are not considered to be part of the Township entity for financial reporting purposes. The criteria established by GASB 14 for determining the various governmental organizations to be included in the reporting entity's financial statements include separation of electing governing body and legal status, and fiscal independence.

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2005*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**THE FINANCIAL REPORTING ENTITY (Continued)**  
On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township as discretely presented component units.

**BLENDED COMPONENT UNITS**

A blended component unit is a legally separate entity from the local unit, but it is so intertwined with the unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government. This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDED COMPONENT UNITS (Continued)

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

On this basis, there are no blended component units to be reported.

JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINT VENTURES (Continued)

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

There are no joint ventures to be reported.

JOINTLY GOVERNED ORGANIZATIONS

A jointly governed organization is a multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

West Iron County Sewer Authority

The Township of Iron River entered into an agreement with several governmental entities to form the West Iron County Sewer Authority.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Iron County Sewer Authority  
(Continued)

The Authority was established in August 1972 under the provisions of Act 233, Public Acts of Michigan, 1955, as amended, and was organized to provide sewer service to the cities of Iron River, Caspian, and Gaastra, and a portion of Iron River Township. The first grant applications were filed in 1982. Members from each participating municipality are appointed by their respective governmental entities to serve on the Board of Trustees of the West Iron County Sewer Authority.

Pursuant to the terms of the Authority's Sewer Use Ordinances adopted by the Authority and each Constituent Municipality, the Authority bills each Constituent Municipality monthly based on such Constituent Municipality's percentage of Equal Dwelling Units ("EDUs") to the total member of EDUs for the entire system.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Iron County Sewer Authority  
(Continued)

Billing to end users is done by each Constituent Municipality using its own billing system and methodology.

Under the EDU system, the Authority adopts a preliminary budget in April of each year for its next fiscal year beginning the following July 01. This preliminary budget is presented to each Constituent Municipality for review and consideration in its budgeting process. Prior to adopting its final budget in June of each year for the fiscal year beginning the following July 01, the Authority holds a public hearing with respect to the preliminary budget.

The preliminary and final budgets calculated EDU charges to cover both operation, maintenance, and replacement ("OMR") expenses and debt retirement expenses.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Iron County Sewer Authority  
(Continued)

Included in OMR charges are funds for future replacements of all major plant equipment.

During the fiscal year ended March 31, 2005, the Township of Iron River paid to the Authority fees totaling \$ 58,519 for OMR and debt retirement.

Financial statements for the West Iron County Sewer Authority can be requested by writing to:

West Iron County Sewer Authority  
P.O. Box 246  
Caspian, Michigan 49915

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Iron County Fire Board

The West Iron County Fire Board was organized in 1987 and provides fire protection for Iron River, Bates and Stambaugh Townships, and the City of Iron River, Iron County, Michigan.

The Board operates under an appointed Board of Commissioners (9 people) and provides fire protection services to more than 4500 residents.

The Board is funded by assessments from the participating municipalities.

Financial statements are available by writing to:

West Iron County Fire Board  
P.O. Box 203  
Iron River, Michigan 49935

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS (Continued)

West Iron County Volunteer Fire Department

The West Iron County Volunteer Fire Department was organized in 1987 and consists of volunteer fire fighters from the City of Iron River and the Townships of Bates, Iron River, and Stambaugh.

The purpose of the organization is to preserve and protect all life and property as declared by the West Iron County Fire Board. The officers, elected by a plurality of votes of members present at the annual meeting consist of a Chief, Assistant Chief, First Captain, Second Captain, Training Officer, and Secretary/Treasurer.

Complete financial statements of the West Iron County Volunteer Fire Department can be obtained from:

West Iron County Volunteer Fire Department  
640 9th Street  
Iron River, Michigan 49935

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED ORGANIZATIONS

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

There are no related organizations to be reported.

BASIS OF PRESENTATION

The Township follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

Management's Discussion and Analysis

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**BASIS OF PRESENTATION (Continued)**

***Government-wide financial statements***

These include financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Annual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

***Statement of Net Assets***

The Statement of Net Assets displays the financial position of the primary government (government and business-type activities).

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

*Statement of Net Assets (Continued)*

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

*Statement of Program Activities*

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

*Budgetary comparison schedules*

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Township and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary governmental entities for which the government is considered to be financially accountable.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS

The basic financial statements include both government-wide (based on the Township as a whole) and fund financial statements. The reporting model focus is on both the Township as a whole and the fund financial statements, including the major individual funds of governmental and business-type categories, as well as the fiduciary funds, (by category).

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

Both governmental-wide and fund financial statements presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The Township generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The Township may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

The program revenues must be directly associated with the function (public safety, public works, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operation or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Township does not allocate indirect expenses. The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

In the fund financial statements, financial transactions and accounts of the Township are organized in the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing sets of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The Township's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**BASIS OF PRESENTATION (Continued)**

The various funds are grouped, in the financial statements in this report, into several broad categories as follows:

**GOVERNMENTAL FUNDS**

These funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the Township's expendable financial resources and the related current liabilities, except those accounted for in the Proprietary Fund, are accounted for through the Governmental Funds.

These funds are as follows:

***General Fund***

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

*General Fund* (Continued)

Revenues are derived primarily from property taxes and state and federal distributions, grants, and other intergovernmental revenues.

The General Fund is always considered to be a major fund for reporting purposes.

*Special Revenue Funds*

These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

The Township's *Liquor Law Enforcement*, and *Cemetery (Operating)* funds are Special Revenue Funds.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

*Special Revenue Funds* (Continued)

For reporting purposes, the Cemetery (Operating) Fund and the Liquor Law Enforcement Funds are non-major funds.

*Permanent Funds*

Permanent funds are used to report resources that are legally restricted to the extent that only earnings--and not principal--may be used for purposes that support the government's programs--that is, for the benefit of the public.

The Township's Cemetery Perpetual Care Fund is a Permanent Fund.

For reporting purposes, the Cemetery Perpetual Care Fund is a non-major fund.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

GOVERNMENTAL FUNDS (Continued)

*Capital Projects Fund*

These funds are used to account for the purchase and/or construction of capital facilities by a governmental unit which are not accounted for by Proprietary Funds, Special Assessment Funds, or Trust Funds. The various resources of the governmental unit to be used in the projects, such as General Fund contributions, grants from other units or government and bond proceeds, flow into the Capital Project Fund. Expenditures incurred in the development of the facility are also recorded within the Capital Project Fund.

The Township's Capital Project Fund is considered to be a non-major fund for reporting purposes.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

PROPRIETARY FUNDS

Enterprise Funds

These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises----where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Township's Water Fund and Sewer Fund are Enterprise Funds. Both qualify as major funds for reporting purposes.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

FIDUCIARY FUNDS

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds.

The Township's *Current Tax Collection Fund* is a Fiduciary Fund.

MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

The government-wide statement of net assets and statement of activities, all proprietary funds, and private trust funds and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the statement of net assets or on the statement of fiduciary net assets. Proprietary fund-type operating statements present increase (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The statement of net assets, statement of activities, financial statement of Proprietary Funds and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

The fund financial statements of the General, Special Revenue, Permanent, and Capital Projects funds are maintained and reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. With respect to real and personal property tax revenue and other local taxes, the term "available" is limited to collection within sixty days of the fiscal year-end. Levies made prior to the fiscal year-end but which are not available are deferred. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Expenditures, other than accrued interest on long-term debt, are recorded when the fund liability is incurred.

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

ENCUMBRANCES

It is the Township's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

CASH AND CASH EQUIVALENTS

The Township pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Township classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

INVENTORIES

Inventories of supplies are expended as received.

RECEIVABLES

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General, Permanent, and Special Revenue Funds. User charges for the Proprietary Fund are recorded as receivable when billed. On an annual basis the charges are reviewed for collectibility. Those deemed uncollectible are assigned to the tax roll.

INTEREST RECEIVABLE

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

DUE TO/FROM OTHER FUNDS

Transactions between funds that had not been paid or received as of fiscal year end have been recorded as inter-fund accounts receivable and payable in the financial statements. These inter-fund receivables and payables do not represent Board-approved loans between funds.

DEFERRED REVENUE

Deferred revenue represents amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Township for future expenditures.

Unreserved retained earnings represent net assets available for future operations or distribution. Reserved retained earnings represent net assets that have been legally identified for specific purposes. Designated retained earnings represent amounts earmarked by the Township for future expenditures.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING

The Township follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Township prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)

2. A meeting of the Township Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.
3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Township Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Township Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

PROPERTY TAX

Property taxes are levied on December 31 and payable in two installments, July 01 and December 01. They become delinquent the following March 01. The Township bills and collects its own property taxes and also collects taxes for the school districts, county, and library.

Collections for the schools, county, and library are accounted for in the Trust and Agency Fund. Township property tax revenues are recognized when levied to the extent they are receivable. The County of Iron purchases from the Township the delinquent real property taxes outstanding as of March 31 of each year.

The 2004 taxable valuation of the Township totaled \$ 34,568,002, on which ad valorem taxes levied consisted of 3.0939 mills for general operating purposes.

IRON RIVER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

NON-MONETARY TRANSACTIONS

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General, Special Revenue, and Capital Projects Funds and as assets in the governmental-wide statements to the extent the Township's capitalization threshold of \$ 500 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings..... 20 - 30 years

Infrastructure..... 10 - 65 years

Furniture and Other

Equipment..... 5 - 20 years

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

To the extent the Township's capitalization threshold of \$ 500 is met, capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis on both the funds basis and the governmental-wide basis using the straight-line method and the following estimated useful lives:

Land Improvements..... 20 years

Equipment..... 5 - 20 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

COMPENSATED ABSENCES

Vacation

Full time Township employees may earn paid vacation after one year of employment. The employees earn paid vacation as follows:

- 1) After 1 year of employment, employees earn 6 days of paid vacation.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

COMPENSATED ABSENCES (Continued)

Vacation (Continued)

- 2) After 5 years of employment, employees earn 12 days of paid vacation.
- 3) After 10 years of employment, employees earn 18 days of paid vacation.
- 4) After 15 years of employment, employees earn 24 days of paid vacation.

Vacation time may carry over to the following year. At March 31, 2005, the Township's liability for accrued vacation, plus the related costs of FICA and Medicare was \$ 426.

***Sick/Funeral Leave***

Full time employees are granted 3 days for sick leave and 3 days for funeral leave. Sick and funeral leave may not carry over to the following year.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

POST-EMPLOYMENT BENEFITS

The Township offers no post-employment benefits.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - INTER-FUND ACTIVITIES

INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund receivables and payables generally do not represent inter-fund borrowings; instead, they routinely represent actual amounts which are pending between funds at year-end due to the timing of cash flows. Generally, these amounts clear shortly after year-end when resources become available.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE B - INTER-FUND ACTIVITIES (CONTINUED)

The amounts of the inter-fund receivables and payables as of March 31, 2005 were as follows:

<u>Fund</u>	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>
General	\$ 204963	\$ 0
Cemetery	1500	0
Sewer	0	103959
Trust and Agency	0	101004
Cemetery Perpetual		
Care Trust Fund	0	1500
<b>Totals</b>	<b>\$ <u>206463</u></b>	<b>\$ <u>206463</u></b>

As reflected above, the Cemetery Perpetual Care fund owes the Cemetery Operating fund \$ 1,500, resulting from a past year's expenditure being paid from the operating fund, rather than from the unreserved balance of the perpetual care fund, as intended.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE B - INTER-FUND ACTIVITIES (CONTINUED)

The Trust and Agency Fund held tax dollars due to the General Fund as of March 31.

The Sewer Fund owes the General Fund \$103,959, resulting from the refinancing of a sewer fund loan.

OPERATING TRANSFERS

Inter-fund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended March 31, 2005, the Township authorized no transfers.

NOTE C - CASH, DEPOSITS, AND INVESTMENTS

PRIMARY GOVERNMENT

On March 31, 2005, the carrying value of the Township's deposits (Primary Government) was \$ 616,560 and is comprised of cash and deposits reflected in the following funds:

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (Continued)

<b>Governmental Funds</b>	
General Fund	\$ 140169
Liquor Law Enforcement Fund	1079
Cemetery Fund	31196
Township Improvement Revolving Fund	<u>43829</u>
<b>Total Governmental Funds</b>	<b>216273</b>
<b>Enterprise Funds</b>	
Water Supply System Fund	124343
Sewer Fund	<u>152885</u>
<b>Total Enterprise Funds</b>	<b>277228</b>
<b>Fiduciary Funds</b>	
Tax Collection Fund	<u>109537</u>
<b>Total Fiduciary Funds</b>	<b>109537</b>
<b>Permanent Funds</b>	
Cemetery Perpetual Care Trust Fund	<u>13522</u>
<b>Total Permanent Funds</b>	<b>13522</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 616560</b>

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

Category 1            Deposits which are insured or collateralized with securities held by the Township or by its agent in the Township's name.

Category 2            Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

Category 3 Deposits which are not  
collateralized or  
insured.

Based on these levels of risk, the  
Township's cash deposits (Primary  
Government) are classified as follows:

SCHEDULE OF CASH AND DEPOSITS

PRIMARY GOVERNMENT

	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Totals</u>
Cash and Deposits	\$ 208369	\$ -0-	\$ 408191	\$ 616560

INVESTMENTS

The Township's investments are categorized  
below to give an indication of the level of  
risk assumed at year-end.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

Category 1 includes investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Township's name. Category 3 includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Township's name.

Investments for the Township are reflected below:

<u>Investment Type</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
	\$ -0-	\$ 670567	\$ -0-	\$ 670567	\$ 670567
Total Investments	\$ -0-	\$ 670567	\$ -0-	\$ 670567	\$ 670567

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY

Act 196, PA 1997, authorizes the Township to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.



IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.
5. Bankers acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

The Township has adopted an investment policy, allowing for all types of deposits and investments listed above. The Township's deposits and investments are in compliance with its investment policy.

NOTE D - PENSION PLAN

The Township maintains a fully funded pension plan for its full-time employees and trustees through John Hancock. The contribution for the year ended March 31, 2005 was \$ 6,993. The plan is fully funded by annuity contracts. On the most recent statement prepared, as of December 2004, the value of the account was \$ 34,677.04.

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

BUDGET VIOLATIONS

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated. The Township's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of **Iron River Township** were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2004-2005 expenditures for the following activities (cost centers) exceeded the amended budget allocations by a total of \$ 14,588, contrary to the provisions of Section 17 of Public Act 621 of 1978, the "Uniform Budgeting and Accounting Act".

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS  
(CONTINUED)

BUDGET VIOLATIONS (Continued)

<u>ACTIVITY (COST CENTER)</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>OVER EXPENDITURES</u>
<u>General Fund</u>			
Township Board	\$ 26830	\$ 26251	\$ 579
Assessor	21860	20500	1360
Treasurer	27318	21623	5695
Zoning	2496	1902	594
Public Safety	19160	19150	10
Capital Outlay	6350	0	6350

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2005*

**NOTE F - ACCUMULATED FUND DEFICITS**

At March 31, 2005, the Township had no fund balance/retained earnings deficit in any fund.

**NOTE G - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in the past three fiscal years.

**NOTE H - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2005:

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2005

**NOTE H - CAPITAL ASSETS (CONTINUED)**

	Balance March 31, 2004	Increases	Decreases	Balance March 31, 2005
<b>GOVERNMENTAL ACTIVITIES</b>				
Capital Assets Not Being Depreciated	\$	\$	\$	\$
Land and Land Improvements	5226	0	0	5226
Total Capital Assets Not Being Depreciated	\$ 5226	\$ 0	\$ 0	\$ 5226
<b>Other Capital Assets</b>				
Buildings	238586	3866	0	242452
Furniture & Other Equip.	69086	6350	0	75436
Water Lines	2331	0	0	2331
Total Other Cap. Assets	\$ 310003	\$ 10216	\$ 0	\$ 320219
Less Accumulated Depreciation for:				
Buildings	(225350)	(694)	0	(226044)
Furniture & Other Equip.	(58320)	(3031)	0	(61351)
Water Lines	(19)	(36)	0	(55)
Total Accum. Depreciation	(283689)	(3761)	0	(287450)
Other Capital Assets, Net	26314	6455	0	32769
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 31540</b>	<b>\$ 6455</b>	<b>\$ 0</b>	<b>\$ 37995</b>

Depreciation was charged to governmental functions as unallocated.

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2005

**NOTE H - CAPITAL ASSETS (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES**

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended March 31, 2005:

	Balance March 31, 2004	<u>Increases</u>	<u>Decreases</u>	Balance March 31, 2005
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>				
<u>Capital Assets Not</u>				
<u>Being Depreciated:</u>				
Land	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Capital Assets:</u>				
Buildings	10000	0	0	10000
Machinery and				
Equipment	260045	6110	0	266155
Water Mains/Lines	22500	0	0	22500
Sewer Mains/Lines	2830907	0	0	2830907
<b>Total Capital Assets</b>	<b>\$ 3123452</b>	<b>\$ 6110</b>	<b>\$ 0</b>	<b>\$ 3129562</b>

(Continued on page 88)

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2005

**NOTE H - CAPITAL ASSETS (CONTINUED)**

**BUSINESS-TYPE ACTIVITIES (Continued)**

(Continued from previous page)

	Balance March 31, <u>2004</u>	<u>Increases</u>	<u>Decreases</u>	Balance March 31, <u>2005</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	\$ (4000)	\$ (200)	\$ 0	\$ (4200)
Machinery and Equipment	(118639)	(20856)	0	(139495)
Water Mains/Lines	(8150)	(500)	0	(8650)
Sewer Mains/Lines	<u>(864248)</u>	<u>(56414)</u>	<u>0</u>	<u>(920662)</u>
<b>Total Accumulated Depreciation</b>	<u>(995037)</u>	<u>(77970)</u>	<u>0</u>	<u>(1073007)</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ <u>2128415</u></b>	<b>\$ <u>(71860)</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>2056555</u></b>



**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2005

**NOTE I - LONG-TERM DEBT**

There is no long-term debt for the Township  
at fiscal year ended March 31, 2005.

**NOTE J - SEGMENT INFORMATION - Enterprise Fund**

	<u>Water Supply System Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 128188	\$ 127437	\$ 255625
Depreciation and Amortization Expense	18067	59902	77969
Operating Income or (Loss)			
Operating Grants, Entitlements, and Shared Revenues	0	0	0
Operating Transfers:			
In	0	0	0
(Out)	0	0	0
Tax Revenues	0	0	0
Net Income or Loss	12099	(11511)	588

(Continued on page 90)

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE J - SEGMENT INFORMATION - Enterprise Fund (CONTINUED)

(Continued from previous page)

	Water Supply System Fund	Sewer Fund	Total Enterprise Funds
Current Capital:	\$	\$	\$
Contributions	0	0	0
Transfers	0	0	0
Property, Plant, and Equipment			
Additions	0	6110	6110
Deletions	0	0	0
Net Working Capital	280744	51069	331813
Total Assets	415310	2077017	2492327
Bonds and Other Long-Term Liabilities	0	0	0
Payable from Operating Revenues	0	103959	103959
Payable from Other Sources	0	0	0
Total Equity	415310	1973058	2388363

IRON RIVER TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2005

NOTE K - RELATED PARTY TRANSACTIONS

*Related parties* exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

**IRON RIVER TOWNSHIP**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2005*

**NOTE L - SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended March 31, 2005, there were no subsequent events that would have a significant affect on the Township's operations.

**NOTE M - COMMITMENTS AND CONTINGENCIES**

There are currently no commitments or contingencies which would have a material financial input on the financial statements of the Township.

**REQUIRED SUPPLEMENTAL INFORMATION**

**IRON RIVER TOWNSHIP**

**REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>
<b><u>REVENUE</u></b>			
General property taxes	\$ 102,000	\$ 102,000	\$ 106,950
Other local taxes/administration fees	14,300	14,300	14,836
Licenses, permits, and fees	1,000	1,000	1,750
Sale of property	-	-	-
Use of money and property	15,500	15,500	11,002
Charges for services-tax collection	6,000	6,000	5,424
Miscellaneous	-	-	7,031
Intergovernmental	110,000	110,000	117,567
<b>TOTAL REVENUE</b>	<b>\$ 248,800</b>	<b>\$ 248,800</b>	<b>\$ 264,560</b>
<b><u>EXPENDITURES</u></b>			
General government	80,863	80,863	84,556
Legislative	26,251	26,251	26,830
Township property	78,831	78,831	31,063
Department of Public Works	126,500	126,500	73,496
Public Safety	19,150	19,150	19,160
Parks and Recreation	3,000	3,000	1,490
Capital outlay	-	-	10,216
<b>TOTAL EXPENDITURES</b>	<b>\$ 334,595</b>	<b>\$ 334,595</b>	<b>\$ 246,811</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(85,795)</b>	<b>(85,795)</b>	<b>17,749</b>
<b>Fund Balance -Beginning of year</b>	<b>844,729</b>	<b>844,729</b>	<b>844,729</b>
<b>Fund Balance - End of year</b>	<b>\$ 758,934</b>	<b>\$ 758,934</b>	<b>\$ 862,478</b>

The notes to the financial statements are an integral part of this report.

**OTHER SUPPLEMENTAL INFORMATION**

**IRON RIVER TOWNSHIP**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS**

MARCH 31, 2005

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Fund</u>	<u>Capital Projects Fund</u>	<u>TOTAL</u>
<b><u>ASSETS</u></b>					
Cash and Investments (Note C )	\$ 1,079	\$ 112,027	\$ 31,196	\$ 71,009	\$ 215,311
Due from Other Funds			1,500		1,500
<b>TOTAL ASSETS</b>	<b><u>\$ 1,079</u></b>	<b><u>\$ 112,027</u></b>	<b><u>\$ 32,696</u></b>	<b><u>\$ 71,009</u></b>	<b><u>\$ 216,811</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>LIABILITIES</b>					
Due to Other Funds		1,500			1,500
<b>TOTAL LIABILITIES</b>	-	1,500	-	-	1,500
<b>FUND BALANCES</b>					
Reserved for Liquor Law Enforcement	1,079				1,079
Reserved for Cemetery Perpetual Care		87,781			87,781
Reserved for Cemetery Operations		22,746	32,696		55,442
Reserved for Capital Projects				71,009	71,009
<b>TOTAL FUND BALANCES</b>	<b>1,079</b>	<b>110,527</b>	<b>32,696</b>	<b>71,009</b>	<b>215,311</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,079</u></b>	<b><u>\$ 112,027</u></b>	<b><u>\$ 32,696</u></b>	<b><u>\$ 71,009</u></b>	<b><u>\$ 216,811</u></b>

The notes to the financial statements are an integral part of this report.



**IRON RIVER TOWNSHIP**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS**

MARCH 31, 2005

	<u>LLE Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Fund</u>	<u>Capital Projects Fund</u>	<u>TOTAL</u>
<b><u>REVENUE</u></b>					
Use of money and property	\$ 22	\$ 4,984	\$ 132	\$ 3,447	\$ 8,585
Charges for services	250	3,925	18,975		23,150
Miscellaneous					-
Sale of property			8,300		8,300
Intergovernmental	523				523
<b>TOTAL REVENUE</b>	<b>\$ 795</b>	<b>\$ 8,909</b>	<b>\$ 27,407</b>	<b>\$ 3,447</b>	<b>\$ 40,558</b>
<b><u>EXPENDITURES</u></b>					
Current					
Public safety	614				614
Cemetery		3,950	20,491		24,441
<b>TOTAL EXPENDITURES</b>	<b>\$ 614</b>	<b>\$ 3,950</b>	<b>\$ 20,491</b>	<b>\$ -</b>	<b>\$ 25,055</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	181	4,959	6,916	3,447	15,503
<b>Other Financing Sources (Uses)</b>					
Loss on investments		(3,637)		(2,274)	(5,911)
Operating transfers in					
Operating transfers out					
<b>Total Other Financing Sources (Uses)</b>	-	(3,637)	-	(2,274)	(5,911)
<b>Net Change in Fund Balances</b>	181	1,322	6,916	1,173	9,592
<b>FUND BALANCE- BEGINNING OF YEAR</b>	898	109,205	25,780	69,836	205,719
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,079</b>	<b>\$ 110,527</b>	<b>\$ 32,696</b>	<b>\$ 71,009</b>	<b>\$ 215,311</b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

COMBINING BALANCE SHEET  
ALL SPECIAL REVENUE FUNDS

MARCH 31, 2005

	CEMETERY FUND	LIQUOR LAW ENFORCEMENT FUND	TOTAL
<b><u>ASSETS</u></b>			
Cash	\$ 31,196	\$ 1,079	\$ 32,275
Due from Other Funds	1,500	-	1,500
<b>TOTAL ASSETS</b>	<b><u>\$ 32,696</u></b>	<b><u>\$ 1,079</u></b>	<b><u>\$ 33,775</u></b>
<b><u>FUND EQUITY</u></b>			
Fund Balance	32,696	1,079	33,775
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 32,696</u></b>	<b><u>\$ 1,079</u></b>	<b><u>\$ 33,775</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY  
ALL SPECIAL REVENUE FUNDS**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>CEMETERY FUND</u>	<u>LIQUOR LAW ENFORCEMENT FUND</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
State Grants	\$ -	\$ 523	\$ 523
Charges for Services	26,250	-	26,250
Rental Income	1,025	250	1,275
Interest	132	22	154
	<hr/>	<hr/>	<hr/>
<b>TOTAL REVENUES</b>	<b>\$ 27,407</b>	<b>\$ 795</b>	<b>\$ 28,202</b>
 <b><u>EXPENDITURES</u></b>			
Salaries	13,036	614	13,650
Fringe Benefits	1,014		1,014
Printing/Publishing	30		30
Gas, Oil and Fuel	914		914
Repair and Maintenance	2,950		2,950
Contract Services	513		513
Telephone	441		441
Utilities	808		808
Miscellaneous	785		785
	<hr/>	<hr/>	<hr/>
<b>TOTAL EXPENDITURES</b>	<b>\$ 20,491</b>	<b>\$ 614</b>	<b>\$ 21,105</b>
 Excess of Revenues Over (Under) Expenditures	 6,916	 181	 7,097
 FUND BALANCE, APRIL 1	 <hr/> 25,780	 <hr/> 898	 <hr/> 26,678
 FUND BALANCE, MARCH 31	 <u><u>\$ 32,696</u></u>	 <u><u>\$ 1,079</u></u>	 <u><u>\$ 33,775</u></u>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**COMBINING BALANCE SHEET  
ALL PROPRIETARY FUND TYPES**

MARCH 31, 2005

<b><u>ASSETS</u></b>	<b><u>WATER FUND</u></b>	<b><u>SEWER FUND</u></b>	<b><u>TOTAL</u></b>
Cash and Deposits :			
Restricted	\$ -	\$ -	\$ -
Unrestricted	124,343	152,885	277,228
Investments :			
Designated for System Improvement	135,368	-	135,368
Undesignated	-	-	-
Accounts Receivable	21,033	2,143	23,176
Property, Plant and Equipment	246,887	2,882,675	3,129,562
Accumulated Depreciation	(112,321)	(960,686)	(1,073,007)
<b>TOTAL ASSETS</b>	<b><u>\$ 415,310</u></b>	<b><u>\$ 2,077,017</u></b>	<b><u>\$ 2,492,327</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
<b><u>LIABILITIES</u></b>			
Due To Other Funds	-	103,959	103,959
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>103,959</b>	<b>103,959</b>
<b><u>FUND EQUITY</u></b>			
Retained Earnings :			
Unreserved - Designated	135,368	-	135,368
Unreserved - Undesignated	279,942	1,973,058	2,253,000
<b>TOTAL FUND EQUITY</b>	<b><u>415,310</u></b>	<b><u>1,973,058</u></b>	<b><u>2,388,368</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 415,310</u></b>	<b><u>\$ 2,077,017</u></b>	<b><u>\$ 2,492,327</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b><u>OPERATING REVENUE</u></b>			
Charges for Services	\$ 128,188	\$ 121,598	\$ 249,786
Miscellaneous Revenue	-	5,839	5,839
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 128,188</b>	<b>\$ 127,437</b>	<b>\$ 255,625</b>
<b><u>OPERATING EXPENSES</u></b>			
Personal Services	43,937	7,783	51,720
Fringe Benefits	3,370	599	3,969
Office Supplies	843	598	1,441
Printing/Publishing	230	-	230
Membership Dues	200	-	200
Gas, Oil and Fuel	5,018	287	5,305
Repair and Maintenance	10,506	1,012	11,518
Purchased Services	4,081	5,749	9,830
Engineering Services	7,488	-	7,488
Testing/Water Samples	2,751	-	2,751
Telephone	3,284	769	4,053
Utilities	21,111	4,755	25,866
Sewer Treatment :			
Contract Services - O&M	-	39,727	39,727
Contract Services - Debt Retirement	-	18,792	18,792
Depreciation	18,067	59,902	77,969
Miscellaneous	128	-	128
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 121,014</b>	<b>\$ 139,973</b>	<b>\$ 260,987</b>
Operating Profit (Loss)	7,174	(12,536)	(5,362)
<b><u>NON-OPERATING INCOME</u></b>			
Interest Income	9,769	1,025	10,794
<b><u>NON-OPERATING EXPENSES</u></b>			
Loss on Investments	(4,844)	-	(4,844)
Net Income (Loss)	12,099	(11,511)	588
<b>RETAINED EARNINGS, APRIL 1</b>	<b>403,211</b>	<b>1,984,569</b>	<b>2,387,780</b>
<b>RETAINED EARNINGS, MARCH 31</b>	<b><u>\$ 415,310</u></b>	<b><u>\$ 1,973,058</u></b>	<b><u>\$ 2,388,368</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
<b>CASH FLOWS FROM (USED BY)</b>			
<b><u>OPERATING ACTIVITIES</u></b>			
Net cash received from fees and services	\$ 122,571	\$ 122,267	\$ 244,838
Other operating revenues	-	5,839	5,839
Cash payments to employees for services	(43,937)	(8,382)	(52,319)
Cash payments to goods and services	(59,010)	(71,689)	(130,699)
Other operating expenses	-	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 19,624</b>	<b>\$ 48,035</b>	<b>\$ 67,659</b>
<b><u>NON CAPITAL AND FINANCING ACTIVITIES</u></b>			
Increase (decrease) in due to other funds	-	(24,094)	(24,094)
(Increase) decrease in due from other funds	-	-	-
Net operating transfers in (out)	-	-	-
<b>NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (24,094)</b>	<b>\$ (24,094)</b>
<b><u>CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Acquisition and construction of capital assets	-	(6,110)	(6,110)
Principal payment on long-term bonds	-	-	-
Interest paid on long-term bonds	-	-	-
Interest and tax expense	-	-	-
Proceeds from borrowings	-	-	-
Contributed capital grants	-	-	-
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>\$ -</b>	<b>\$ (6,110)</b>	<b>\$ (6,110)</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Interest Income	9,769	1,025	10,794
Loss on Investments	(4,844)	-	(4,844)
Decrease in Investments	54,843	-	54,843
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>\$ 59,768</b>	<b>\$ 1,025</b>	<b>\$ 60,793</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79,392</b>	<b>24,966</b>	<b>98,248</b>
Cash and Cash Equivalents, Beginning of Year	44,951	134,029	178,980
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 124,343</b>	<b>\$ 152,885</b>	<b>\$ 277,228</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**COMBINING STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPES  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2005*

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>WATER FUND</b>	<b>SEWER FUND</b>	<b>TOTAL</b>
Operating Income	\$ 7,174	\$ (12,536)	\$ (5,362)
Adjustment to reconcile operating income to net cash provided by operating activities:			
. Depreciation	18,067	59,902	77,969
. Provision for uncollectible accounts	-	-	-
. Changes in assets and liabilities :			
(Increase) Decrease in accounts receivable	(5,617)	669	(4,948)
Increase (Decrease) in accounts payable	-	-	-
Increase (Decrease) in deferred revenue	-	-	-
Increase (Decrease) in customer deposits	-	-	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b><u>\$ 19,624</u></b>	<b><u>\$ 48,035</u></b>	<b><u>\$ 67,659</u></b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET - GENERAL FUND

MARCH 31, 2005

**ASSETS**

Cash and Deposits	\$ 140,169
Investments	508,019
Receivables :	
Taxes	10,158
Accounts	-
Due From Other Funds	204,963
<b>TOTAL ASSETS</b>	<b>\$ 863,309</b>

**LIABILITIES AND FUND EQUITY**

**LIABILITIES**

Deposits	405
Accrued Benefits	426
<b>TOTAL LIABILITIES</b>	<b>\$ 831</b>

**FUND EQUITY**

Fund Balance	
Unreserved - Undesignated	862,478
<b>TOTAL FUND EQUITY</b>	<b>862,478</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 863,309</b>

The notes to the financial statements are an integral part of this report.



**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES  
GENERAL FUND - ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>TAXES</u></b>			
Current Tax Levy	\$ 106,950	\$ 102,000	\$ 4,950
Administrative Fees	8,113	11,500	(3,387)
Payment in Lieu of Taxes	691	950	(259)
Commercial Forest/Swamp Tax	1,346	1,600	(254)
Other Taxes	4,686	250	4,436
<b>TOTAL TAXES</b>	<b>121,786</b>	<b>116,300</b>	<b>5,486</b>
<b><u>FEDERAL GRANTS</u></b>			
Schools and Roads Grant	23,182	25,000	(1,818)
<b>TOTAL FEDERAL GRANTS</b>	<b>23,182</b>	<b>25,000</b>	<b>(1,818)</b>
<b><u>STATE-SHARED RECEIPTS</u></b>			
Sales Tax	90,105	85,000	5,105
Metro Act	4,280		4,280
<b>TOTAL STATE-SHARED RECEIPTS</b>	<b>94,385</b>	<b>85,000</b>	<b>9,385</b>
<b><u>CHARGES FOR SERVICES</u></b>			
Tax Collection	5,424	6,000	(576)
<b>TOTAL CHARGES FOR SERVICES</b>	<b>5,424</b>	<b>6,000</b>	<b>(576)</b>
<b><u>INTEREST AND RENTAL</u></b>			
Interest	10,182	15,000	(4,818)
Hall Rental	820	500	320
<b>TOTAL INTEREST AND RENTAL</b>	<b>11,002</b>	<b>15,500</b>	<b>(4,498)</b>
<b><u>OTHER REVENUE</u></b>			
Zoning Permits/Fees	1,750	1,000	750
Miscellaneous	7,031	-	7,031
<b>TOTAL OTHER REVENUE</b>	<b>8,781</b>	<b>1,000</b>	<b>7,781</b>
<b>TOTAL REVENUES</b>	<b>\$ 264,560</b>	<b>\$ 248,800</b>	<b>\$ 15,760</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF EXPENDITURES  
GENERAL FUND - ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>LEGISLATIVE</u></b>			
<b><u>Township Board</u></b>			
Salaries	\$ 4,146	\$ -	\$ -
Fringe Benefits	1,161		
Office Supplies	292		
Legal Services	12,401		
Accounting and Audit	7,470		
Membership Dues/Education	1,250		
Mileage	75		
Miscellaneous	35		
	<hr/>	<hr/>	<hr/>
<b>TOTAL LEGISLATIVE</b>	<b>\$ 26,830</b>	<b>\$ 26,251</b>	<b>\$ (579)</b>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Supervisor</u></b>			
Salaries	8,778		
Fringe Benefits	2,473		
	<hr/>	<hr/>	<hr/>
<b>Total Supervisor</b>	<b>11,251</b>	<b>11,264</b>	<b>13</b>
<b><u>Assessor</u></b>			
Professional Fees	19,085		
Supplies	2,775		
	<hr/>	<hr/>	<hr/>
<b>Total Assessor</b>	<b>21,860</b>	<b>20,500</b>	<b>(1,360)</b>
<b><u>Elections</u></b>			
Salaries	1,132		
Fringe Benefits	13		
Supplies	264		
Printing/Publishing	163		
Membership Dues/Education	110		
	<hr/>	<hr/>	<hr/>
<b>Total Elections</b>	<b>\$ 1,682</b>	<b>\$ 2,720</b>	<b>\$ 1,038</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF EXPENDITURES  
GENERAL FUND - ACTUAL AND BUDGET  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>GENERAL GOVERNMENT</u></b>			
<b><u>Clerk</u></b>			
Salaries	\$ 12,767	\$ -	\$ -
Fringe Benefits	3,597		
Office Supplies	2,142		
Printing/Publishing	785		
Mileage	57		
<b>Total Clerk</b>	19,348	22,079	2,731
<b><u>Treasurer</u></b>			
Salaries	13,505		
Fringe Benefits	3,797		
Supplies	2,223		
Printing/Publishing	20		
Professional Fees	209		
Tax Roll	6,032		
Membership Dues/Education	80		
Mileage	209		
Miscellaneous	1,243		
<b>Total Treasurer</b>	27,318	21,623	(5,695)
<b><u>Board of Review</u></b>			
Salaries	426		
Fringe Benefits	33		
Printing/Publishing	100		
Miscellaneous	42		
<b>Total Board of Review</b>	601	775	174
<b><u>Zoning</u></b>			
Salaries	1,750		
Fringe Benefits	486		
Printing/Publishing	260		
<b>Total Zoning</b>	2,496	1,902	(594)
<b>TOTAL GENERAL GOVERNMENT</b>	<b>\$ 84,556</b>	<b>\$ 80,863</b>	<b>\$ (3,693)</b>

The notes to the financial statements are an integral part of this return.

**IRON RIVER TOWNSHIP**

**STATEMENT OF EXPENDITURES  
GENERAL FUND - ACTUAL AND BUDGET  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>TOWNSHIP PROPERTY</u></b>			
<b><u>Township Hall</u></b>			
Salaries	\$ 7,809	\$ -	\$ -
Fringe Benefits	2,207		
Professional Fees	654		
Insurance	10,608		
Gas, Oil and Fuel	251		
Repair and Maintenance	1,890		
Utilities	6,172		
Telephone	1,472		
	<hr/>	<hr/>	<hr/>
<b>Total Township Hall</b>	31,063	78,831	47,768
<b>TOTAL TOWNSHIP PROPERTY</b>	<b>\$ 31,063</b>	<b>\$ 78,831</b>	<b>\$ 47,768</b>
<b><u>DEPARTMENT OF PUBLIC WORKS</u></b>			
Salaries	7,989		
Fringe Benefits	2,861		
Professional Fees	52,643		
Repair and Maintenance	2,670		
Street Lighting	7,333		
	<hr/>	<hr/>	<hr/>
<b>TOTAL DEPARTMENT OF PUBLIC WORKS</b>	<b>\$ 73,496</b>	<b>\$ 126,500</b>	<b>\$ 53,004</b>
<b><u>PUBLIC SAFETY</u></b>			
Fire Protection	19,000		
Land Division	160		
	<hr/>	<hr/>	<hr/>
<b>TOTAL PUBLIC SAFETY</b>	<b>\$ 19,160</b>	<b>\$ 19,150</b>	<b>\$ (10)</b>
<b>COMMUNITY PROMOTION</b>	1,490	3,000	1,510
<b>CAPITAL OUTLAY</b>	10,216	-	(10,216)
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 246,811</u></b>	<b><u>\$ 334,595</u></b>	<b><u>\$ 87,784</u></b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET  
CEMETERY FUND

MARCH 31, 2005

ASSETS

Cash	\$ 31,196
Due from Other Funds	<u>1,500</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 32,696</u></b>

FUND EQUITY

Fund Balance	<u>32,696</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 32,696</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CEMETERY FUND  
ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
Grave Openings	\$ 17,950	\$ 19,055	\$ (1,105)
Sale of Lots	8,300	5,000	3,300
Vault Rental	1,025	1,000	25
Interest	132	150	(18)
<b>TOTAL REVENUES</b>	<b>\$ 27,407</b>	<b>\$ 25,205</b>	<b>\$ 2,202</b>
<b><u>EXPENDITURES</u></b>			
Salaries	13,036	16,650	3,614
Fringe Benefits	1,014	1,320	306
Printing/Publishing	30	150	120
Gas, Oil and Fuel	914	1,000	86
Repair and Maintenance	2,950	1,200	(1,750)
Contract Services	513	3,300	2,787
Telephone	441	300	(141)
Utilities	808	600	(208)
Miscellaneous	785	685	(100)
<b>TOTAL EXPENDITURES</b>	<b>\$ 20,491</b>	<b>\$ 25,205</b>	<b>\$ 4,714</b>
Excess of Revenues Over (Under) Expenditures	6,916	-	6,916
<b>FUND BALANCE, APRIL 1</b>	<b>25,780</b>		
<b>FUND BALANCE, MARCH 31</b>	<b><u>\$ 32,696</u></b>		

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET  
LIQUOR LAW ENFORCEMENT FUND

MARCH 31, 2005

ASSETS

Cash

\$ 1,079

TOTAL ASSETS

\$ 1,079

FUND EQUITY

Fund Balance

1,079

TOTAL FUND EQUITY

\$ 1,079

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY  
LIQUOR LAW ENFORCEMENT FUND  
ACTUAL AND BUDGET**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b><u>REVENUES</u></b>			
State Grants	\$ 523	\$ 525	\$ (2)
Charges for Services	250	250	-
Interest	<u>22</u>	<u>8</u>	<u>14</u>
<b>TOTAL REVENUES</b>	<b>\$ 795</b>	<b>\$ 783</b>	<b>\$ 12</b>
<b><u>EXPENDITURES</u></b>			
Personal Services	<u>614</u>	<u>783</u>	<u>169</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 614</b>	<b>\$ 783</b>	<b>\$ 169</b>
Excess of Revenues Over (Under) Expenditures	181	-	181
FUND BALANCE, APRIL 1	<u>898</u>		
FUND BALANCE, MARCH 31	<u><u>\$ 1,079</u></u>		

The notes to the financial statements are an integral part of this report.



IRON RIVER TOWNSHIP

BALANCE SHEET - CAPITAL PROJECTS FUND TYPE

TOWNSHIP IMPROVEMENT REVOLVING FUND

MARCH 31, 2005

**ASSETS**

Cash	\$ 43,829
Investments	<u>27,180</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 71,009</u></b>

**FUND EQUITY**

Fund Balance	<u>\$ 71,009</u>
<b>TOTAL FUND EQUITY</b>	<b><u>\$ 71,009</u></b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CAPITAL PROJECTS FUND TYPE

TOWNSHIP IMPROVEMENT REVOLVING FUND

FISCAL YEAR ENDED MARCH 31, 2005

<u>REVENUES</u>	
Interest Income	\$ 3,447
<b>TOTAL REVENUES</b>	<b>\$ 3,447</b>
<u>EXPENDITURES</u>	
Capital Outlay	-
<b>TOTAL EXPENDITURES</b>	-
Excess of Revenues Over (Under) Expenditures	3,447
<u>OTHER FINANCING SOURCES (USES)</u>	
Loss on Investments	(2,274)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,173
FUND BALANCE, APRIL 1	69,836
FUND BALANCE, MARCH 31	<u><u>\$ 71,009</u></u>

IRON RIVER TOWNSHIP

BALANCE SHEET  
PERMANENT FUND - CEMETERY PERPETUAL CARE

MARCH 31, 2005

ASSETS

Cash	\$ 13,522
Investments	<u>98,505</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 112,027</u></b>

LIABILITIES AND FUND EQUITY

LIABILITIES

Due To Other Funds	<u>1,500</u>
<b>TOTAL LIABILITIES</b>	<b>1,500</b>

FUND EQUITY

Fund Balance - Restricted for Perpetual Care	87,781
Fund Balance - Restricted for Cemetery Operations	<u>22,746</u>
<b>TOTAL FUND EQUITY</b>	<b><u>110,527</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 112,027</u></b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
PERMANENT FUND - CEMETERY PERPETUAL CARE**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>EXPENDABLE</u>	<u>NON- EXPENDABLE</u>	<u>TOTAL</u>
<b><u>REVENUES</u></b>			
Perpetual Care Receipts	\$ -	\$ 3,925	\$ 3,925
Interest	4,984	-	4,984
<b>TOTAL REVENUES</b>	<b>\$ 4,984</b>	<b>\$ 3,925</b>	<b>\$ 8,909</b>
<b><u>EXPENDITURES</u></b>			
Contracted Services	3,950	-	3,950
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,950</b>	<b>\$ -</b>	<b>\$ 3,950</b>
Excess of Revenues Over (Under) Expenditures	1,034	3,925	4,959
<b><u>Other Financing Sources (Uses)</u></b>			
Loss on valuation of investments	(3,637)	-	(3,637)
Total Other Financing Sources (Uses)	(3,637)	-	(3,637)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,603)	3,925	1,322
FUND BALANCE, APRIL 1	25,349	83,856	109,205
<b>FUND BALANCE, MARCH 31</b>	<b>\$ 22,746</b>	<b>\$ 87,781</b>	<b>\$ 110,527</b>

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

BALANCE SHEET  
WATER SUPPLY SYSTEM FUND

MARCH 31, 2005

**ASSETS**

Cash and Deposits:

Restricted	\$ -
Unrestricted	124,343

Investments :

Designated for System Improvement	135,368
Undesignated	-

Accounts Receivable	21,033
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Property, Plant and Equipment	246,887
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Accumulated Depreciation	(112,321)
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<b>TOTAL ASSETS</b>	<b><u>\$ 415,310</u></b>
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**FUND EQUITY**

Retained Earnings :

Unreserved - Designated	135,368
Unreserved - Undesignated	279,942

<b>TOTAL FUND EQUITY</b>	<b>415,310</b>
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<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 415,310</u></b>
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The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
WATER SUPPLY SYSTEM FUND**

*FISCAL YEAR ENDED MARCH 31, 2005*

**OPERATING REVENUE**

Charges for Services	\$ 128,188
Miscellaneous Revenue	-

<b>TOTAL OPERATING REVENUE</b>	<b>\$ 128,188</b>
--------------------------------	-------------------

**OPERATING EXPENSES**

Personal Services	43,937
Fringe Benefits	3,370
Office Supplies	843
Printing/Publishing	230
Membership Dues	200
Gas, Oil and Fuel	5,018
Repair and Maintenance	10,506
Testing/Water Samples	2,751
Purchased Services	4,081
Engineering Services	7,488
Telephone	3,284
Utilities	21,111
Miscellaneous	128
Depreciation	18,067

<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 121,014</b>
---------------------------------	-------------------

Operating Profit (Loss)	7,174
-------------------------	-------

**NON-OPERATING INCOME**

Interest Income	9,769
-----------------	-------

**NON-OPERATING EXPENSES**

Loss on Investments	(4,844)
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Net Income (Loss)	12,099
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RETAINED EARNINGS, APRIL 1	403,211
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RETAINED EARNINGS, MARCH 31	<u><u>\$ 415,310</u></u>
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The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS  
WATER SUPPLY SYSTEM FUND

FISCAL YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED BY)

OPERATING ACTIVITIES

Net cash received from fees and services	\$ 122,571
Other operating revenues	
Cash payments to employees for services	(43,937)
Cash payments to goods and services	(59,010)
Other operating expenses	-

NET CASH FROM OPERATING ACTIVITIES \$ 19,624

NON CAPITAL AND FINANCING ACTIVITIES

Increase (decrease) in due to other funds	-
(Increase) decrease in due from other funds	-
Net operating transfers in (out)	-

NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES -

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	-
Principal payment on long-term bonds	-
Interest paid on long-term bonds	-
Interest and tax expense	-
Proceeds from borrowings	-
Contributed capital grants	-

NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES -

INVESTING ACTIVITIES

Interest Income	9,769
Loss on Investments	(4,844)
Decrease in Investments	54,843

NET CASH FROM INVESTING ACTIVITIES \$ 59,768

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 79,392

Cash and Cash Equivalents, Beginning of Year 44,951

Cash and Cash Equivalents, End of Year \$ 124,343

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS  
WATER SUPPLY SYSTEM FUND  
(CONTINUED)

FISCAL YEAR ENDED MARCH 31, 2005

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

Operating Income	\$ 7,174
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	18,067
. Provision for uncollectible accounts	-
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	(5,617)
Increase (Decrease) in accounts payable	-
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 19,624</b>

The notes to the financial statements are an integral part of this report.



IRON RIVER TOWNSHIP

BALANCE SHEET  
SEWER FUND

MARCH 31, 2005

**ASSETS**

Cash and Deposits :	
Restricted	\$ -
Unrestricted	152,885
Accounts Receivable	2,143
Property, Plant and Equipment	2,882,675
Accumulated Depreciation	(960,686)
	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,077,017</u></b>

**LIABILITIES AND FUND EQUITY**  
**LIABILITIES**

Due to Other Funds	<hr/>
	103,959
<b>TOTAL LIABILITIES</b>	<b>103,959</b>

**FUND EQUITY**

Retained Earnings	<hr/>
	1,973,058
<b>TOTAL FUND EQUITY</b>	<b><u>1,973,058</u></b>

<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 2,077,017</u></b>
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The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
SEWER FUND**

*FISCAL YEAR ENDED MARCH 31, 2005*

**OPERATING REVENUE**

Charges for Services	\$ 121,598
Miscellaneous Revenue	5,839
	<hr/>

**TOTAL OPERATING REVENUE**

**\$ 127,437**

**OPERATING EXPENSES**

Personal Services	7,783
Fringe Benefits	599
Office Supplies	598
Printing/Publishing	-
Membership Dues	-
Gas, Oil and Fuel	287
Repair and Maintenance	1,012
Purchased Services	5,749
Engineering Services	-
Testing/Water Samples	-
Telephone	769
Utilities	4,755
Sewer Treatment :	
Contract Services - O&M	39,727
Contract Services - Debt Retirement	18,792
Depreciation	59,902
Miscellaneous	-
	<hr/>

**TOTAL OPERATING EXPENSES**

**\$ 139,973**

Operating Profit (Loss)

(12,536)

**NON-OPERATING INCOME**

Interest Income	1,025
-----------------	-------

**NON-OPERATING EXPENSES**

Loss on Investments

-

Net Income (Loss)

(11,511)

RETAINED EARNINGS, APRIL 1

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1,984,569

RETAINED EARNINGS, MARCH 31

**\$ 1,973,058**

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS  
SEWER FUND

FISCAL YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED BY)

OPERATING ACTIVITIES

Net cash received from fees and services	\$ 122,267
Other operating revenues	5,839
Cash payments to employees for services	(8,382)
Cash payments to goods and services	(71,689)
Other operating expenses	-

NET CASH FROM OPERATING ACTIVITIES \$ 48,035

NON CAPITAL AND FINANCING ACTIVITIES

Increase (decrease) in due to other funds	(24,094)
(Increase) decrease in due from other funds	-
Net operating transfers in (out)	-

NET CASH FROM NON CAPITAL AND FINANCING ACTIVITIES \$ (24,094)

CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(6,110)
Principal payment on long-term bonds	-
Interest paid on long-term bonds	-
Interest and tax expense	-
Proceeds from borrowings	-
Contributed capital grants	-

NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES \$ (6,110)

INVESTING ACTIVITIES

Interest Income	1,025
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NET CASH FROM INVESTING ACTIVITIES \$ 1,025

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 18,856

Cash and Cash Equivalents, Beginning of Year 134,029

Cash and Cash Equivalents, End of Year \$ 152,885

The notes to the financial statements are an integral part of this report.

IRON RIVER TOWNSHIP

STATEMENT OF CASH FLOWS  
SEWER FUND  
(CONTINUED)

FISCAL YEAR ENDED MARCH 31, 2005

**CASH FLOWS FROM OPERATING  
ACTIVITIES**

Operating Income	\$ (12,536)
Adjustment to reconcile operating income to net cash provided by operating activities:	
. Depreciation	59,902
. Provision for uncollectible accounts	-
. Changes in assets and liabilities :	
(Increase) Decrease in accounts receivable	669
Increase (Decrease) in accounts payable	-
Increase (Decrease) in deferred revenue	-
Increase (Decrease) in customer deposits	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 48,035</b>

The notes to the financial statements are an integral part of this report.

**IRON RIVER TOWNSHIP**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
TRUST AND AGENCY FUND**

*FISCAL YEAR ENDED MARCH 31, 2005*

	<u>Balance 3/31/2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/2005</u>
<b><u>ASSETS</u></b>				
Cash	<u>\$ 53,526</u>	<u>\$1,277,874</u>	<u>\$1,221,863</u>	<u>\$109,537</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 53,526</u></b>	<b><u>\$1,277,874</u></b>	<b><u>\$1,221,863</u></b>	<b><u>\$109,537</u></b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	14,284	131,231	44,511	101,004
Due to County	20,332	587,949	606,340	1,941
Due to Schools	9,847	445,356	454,728	475
Due to DIISD	2,288	69,586	71,849	25
Due to Library	766	37,844	38,426	184
Due to State	6,009	5,908	6,009	5,908
<b>TOTAL LIABILITIES</b>	<b><u>\$ 53,526</u></b>	<b><u>\$1,277,874</u></b>	<b><u>\$1,221,863</u></b>	<b><u>\$109,537</u></b>

The notes to the financial statements are an integral part of this report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Iron River Township  
102 McNutt Road  
Iron River, Michigan 49935

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Iron River Township** as of and for the year ended March 31, 2005, which collectively comprise **Iron River Township's** basic financial statements, and have issued our report thereon dated June 06, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Iron River Township's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no such matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Iron River Township's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Compliance and Other Matters (Continued)

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters regarding the internal control structure and its operation that we have reported to the management of **Iron River Township**, Iron River, Michigan, in a separate letter dated June 06, 2005.

This report is intended solely for the information and use of the audit committee, management, the Board, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 06, 2005



# **DS Rostagno, CPA, P.C.**

**101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042**

Members of the Township Board  
**Iron River Township**  
102 McNutt Road  
Iron River, Michigan 49935

In planning and performing the audit of the financial statements of **Iron River Township**, I considered the Township's internal control structure to plan the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

However, during my audit, I noted certain matters involving the internal control structure and other operational matters that are presented for your consideration. This letter does not affect my report dated June 06, 2005 on the financial statements of **Iron River Township**. I will review the status of these comments during my next audit engagement. My comments and recommendations, which have been discussed with appropriate township officials, are intended to improve the internal control structure or result in other operating efficiencies. I will be pleased to discuss these comments in further detail at your convenience or to assist you in implementing the recommendations. My comments are summarized as follows:

## **BUDGETARY**

### **\*\* Problem**

During the year ended March 31, 2005, the Township incurred several expenditures which were in excess of amounts appropriated.

### **Recommendation**

In the future, closer monitoring should be done in regards to budgetary appropriations and expenditures.

I wish to express my appreciation to the Township officials for their assistance during my audit engagement.

This report is intended solely for the information and use of the Township Board.



Dianne S. Rostagno  
DS ROSTAGNO CPA, P.C.

June 06, 2005

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

June 06, 2005

Members of the Township Board  
**Iron River Township**  
Iron River, Michigan 49935

We have audited the financial statements of **Iron River Township** for the year ended March 31, 2005, and have issued our report thereon dated June 06, 2005. Professional standards require that we provide you with the following information related to the audit:

## **Our Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in our engagement letter dated March 28, 2005, our responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of the audit, we considered the internal control of **Iron River Township**. Such considerations were solely for the purpose of determining the audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of **Iron River Township's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

## **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by **Iron River Township** are described in the Note to the financial statements.

**Significant Accounting Policies (Continued)**

There were no new accounting policies adopted and the application of existing policies was not changed during this year. We noted no transactions entered into by **Iron River Township** during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no sensitive estimates affecting the financial statements as presented.

**Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by **Iron River Township** that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on **Iron River Township's** financial reporting process.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

**Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations.

Consultations with Other Independent Accountants (Continued)

If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

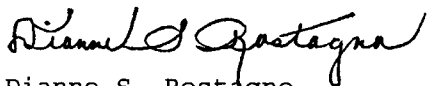
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as **Iron River Township's** auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing the audit.

This information is intended solely for the use of the Board and management of **Iron River Township** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.